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LOK SABHA

The following Bill was introduced in Lok Sabha on the 13th November, 1957:—

BILL No. 80 OF 1957

A Bill further to amend the Reserve Bank of India Act, 1934.

BE it enacted by Parliament in the Eighth Year of the Republic of India as follows:—

1. (1) This Act may be called the Reserve Bank of India Short title and commencement. (Second Amendment) Act, 1957.

5 (2) It shall be deemed to have come into force on the 31st day of October, 1957.

2 of 1934. 2. In section 33 of the Reserve Bank of India Act, 1934 (hereinafter referred to as the principal Act), for sub-section (2), the following sub-section shall be substituted, namely:

10 “(2) The aggregate value of the gold coin, gold bullion and foreign securities held as assets and the aggregate value of the gold coin and gold bullion so held shall not at any time be less than two hundred crores of rupees and one hundred and fifteen crores of rupees, respectively.”

15 3. In section 37 of the principal Act, the proviso shall be omitted. Amendment of section 37.

6 of 1957. 4. The Reserve Bank of India (Amendment) Ordinance, 1957, is Repeal hereby repealed.

STATEMENT OF OBJECTS AND REASONS

Experience has shown that consistently with the requirements of the Second Five Year Plan, it is not possible for the Reserve Bank to comply with the requirements of section 33(2) of the Reserve Bank of India Act in regard to the size of the foreign securities holdings of its Issue Department, notwithstanding that temporary and partial relaxation of the requirement is available under section 37 of the Act. Following the practice adopted by many advanced countries, it is considered advantageous to introduce a greater measure of flexibility in regard to the composition of the currency reserve, provided a certain minimum of gold holding is maintained. The Reserve Bank of India (Amendment) Ordinance, 1957 (6 of 1957), was promulgated on the 31st October, 1957, for the aforesaid purpose. This Bill seeks to replace the Ordinance.

T. T. KRISHNAMACHARI.

NEW DELHI;

The 8th November, 1957.

M. N. KAUL,
Secretary.